



# NEWS

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## **Major tribal Internet cigarette seller agrees to provide customer lists**

**Tacoma, Wash., July 14, 2005** — A federal judge has ordered a tribal Internet cigarette seller to turn over its lists of Washington customers so the Washington State Department of Revenue can warn them that they owe state tax on their purchases.

U.S. District Court Judge Franklin D. Burgess signed a stipulated judgment in which Scott Maybee, a member of the Seneca Nation of Indians, agreed to turn over the names of customers who purchase cigarettes from [www.smartsmoker.com](http://www.smartsmoker.com), formerly known as [www.smokesignals.com](http://www.smokesignals.com) and [www.smokesignalstobacco.com](http://www.smokesignalstobacco.com). The company, which has operated on the Seneca reservation in New York, is believed to be one of the largest sellers of cigarettes over the Internet.

The Washington State Department of Revenue sued Smokesignals.com in federal court in January, asking that the company be compelled to comply with the federal Jenkins Act. The 1949 act requires anyone who sells cigarettes across state lines to provide lists of customers so those customers can be billed for state taxes they should have paid on those purchases.

This is believed to be the first time a state has sued a tribal-based cigarette seller to enforce compliance with the Jenkins Act. The Department has been a national leader in enforcing cigarette tax collections through the Jenkins Act, with other states following suit since the state filed its first suit against a non-tribal vendor in 2003.

The company has the following message on its web site:

"As part of the Seneca Nation of Indians and the Iroquois Confederacy, SmartSmoker is currently not required to collect state sales tax for products sold on Native land. Nonetheless, we are required under federal law to report all sales and shipments of cigarettes to the state taxing authority within your home state. You should contact the taxing authority within your state to determine your tax obligation on the use of these products within your state."

The Department already has begun receiving lists of Washington customers from [www.smartsmoker.com](http://www.smartsmoker.com) and its predecessors, and is notifying them that they will be subject to taxes and stiff penalties if they continue to buy cigarettes online.

Under state law, anyone found in possession of cigarettes without either a Washington state or tribal compact stamp is subject to fine of \$250 or \$10 a pack, whichever is greater.

The Department estimates that it lost \$140 million in taxes during fiscal year 2004 to Internet, mail order and cross border cigarette sales.

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